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C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000086

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SUBJECT: EU COMMISSIONER FERRERO-WALDNER TRIP TO AZERBAIJAN

REF: 2008 BRUSSELS 1808

Classified By: Ambassador Anne E. Derse for reasons 1.4 (b and d).

11. (C) SUMMARY: On January 21 EU Commissioner for External Relations Benita Ferrero-Waldner visited Baku. Her first point in her meeting with President Aliyev was media freedom; President Aliyev took the opportunity to criticize sharply the content of Radio Liberty while suggesting that he had no issue with BBC. She also presented the new Eastern Partnership. While further EU engagement in Azerbaijan is welcome, it is unlikely that the carrots offered through the Partnership (more aid, visa facilitation, and an eventual free trade area after WTO membership) are enough to change Azerbaijan's near-term trajectory on political and economic reform. END SUMMARY.

12. (C) On January 21 EU Commissioner for External Relations Benita Ferrero-Waldner visited Baku. Despite shortening her trip due to events in Gaza, she kept most of her schedule including meetings with President Ilham Aliyev, Foreign Minister Elmar Mammadyarov, the Ministers of Energy and Ecology, oil companies, and a press conference. On January 29 poloff met with acting head of EU Commission delegation Jean Louis Lavroff for a readout of the visit.

13. (C) According to Lavroff, who was in the Commissioner's meeting with President Aliyev, the Commissioner's first talking point was media freedom. Aliyev gave the GOAJ's typical response that there is no censorship in Azerbaijan, and that all the press is free. The Commissioner raised the issue of the closure of foreign radios, to which Aliyev replied that he had no problem with the BBC. Repeating what he had previously told USG officials, however, Aliyev sharply criticized Radio Liberty, complaining that Radio Liberty "was against him." Lavroff's opinion was that Radio Liberty's coverage in the period ahead of the presidential election was "the drop that made the glass overflow." He thinks that Aliyev will not want to back down and lose face, but we have made it difficult for Aliyev not to back down by doing joint demarches with the UK. Lavroff believes an intergovernmental agreement might be the solution, but he believes Ali Hasanov is playing games with the U.S. and UK.

14. (C) The second talking point of the meeting was to present the Eastern Partnership. The Commissioner explained that the goal of the Partnership would be eventually to sign an Association Agreement, which would put the EU-Azerbaijan relationship on firmer legal ground. The plan would be to include visa facilitation and a free trade area once Azerbaijan joined the WTO. There is a lot of conditionality

before the agreement would be signed, however. An improvement in respect for human rights is a large part of this conditionality. Interestingly, Lavroff also said that while it is not spelled out in the documentation, the idea is that no agreement would be signed with Azerbaijan or Armenia until the conflict over Nagorno-Karabakh is resolved. There is also an energy dimension, based in principle on the European Commission's diversification and integration priorities, including issues discussed in late January in Budapest at the Nabucco Conference. Full details on energy cooperation, however, remain unclear.

15. (C) Lavroff's final takeaway from the meeting was that President Aliyev is very smart, and the EU needs to think through more carefully how they approach tricky issues with the GOAJ. Lavroff advocates a softer approach with more listening, as he worries the EU is headed towards the same relationship with the GOAJ that they currently have with Russia (where he was stationed for the last 5 years) where the GOR sits in meetings and does not respond at all to the points raised by the EU.

COMMENT

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16. (C) Launching negotiations for an Association Agreement for Azerbaijan would signify a major increase in EU engagement in this country. Combined with rapidly expanding the Commission's delegation in Baku, this increased engagement could have a positive effect on the political and economic reform process. There are, however, many large

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hurdles Azerbaijan would have to cross in order to sign such a document, including, perhaps, a resolution to the Nagorno-Karabakh conflict. Therefore, while the Eastern Partnership offers an important, concrete framework for the EU's longer term relations with the GOAJ, its effectiveness in changing the near-term atmosphere of backsliding on democratic freedoms may be small.

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